

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6256

BILL NUMBER: HB 1136

NOTE PREPARED: Dec 1, 2009

BILL AMENDED:

SUBJECT: Moratorium on Privatization Contracts.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State

Summary of Legislation: The bill imposes a three-year moratorium on state agencies entering into or renewing contracts for privatization of state services if the amount of the contract is at least \$50 M.

Effective Date: July 1, 2010.

Explanation of State Expenditures: The bill would have indeterminate fiscal impact on state government.

A program currently provided by employees of a state agency could not be transferred to a private person under the bill. State agencies would be required to maintain a sufficient number of employees to perform the function, or otherwise reorganize the program using state employees. For each program affected, costs and cost savings will depend on whether state employees can provide these services more cost efficiently than a private sector person can.

Background: Current contracts for services that exceed \$50 M include such functions as management and operation of a state prison and a state developmental facility; comprehensive health care, mental health care, and management of dental health care for prisoners in state facilities; and management or operation of certain Office of Family and Social Services' programs.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources:

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